



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Business Points for Solid Waste Franchise Renewal

MEETING DATE: May 7, 2008

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Approve business points described below for the solid waste franchise renewal.

BACKGROUND INFORMATION: In December 2007, the City Council directed staff to attempt to negotiate a renewal of the solid waste franchise with Central Valley Waste Services (CVWS). The intent was to do so before the required decision point (renew or bid) in the franchise agreement as this would give the City the most leverage in negotiating a favorable extension and still leave time to have a request for proposals prepared if the decision was not to renew.

Staff has met with CVWS representatives on several occasions with the following goals:

- Work with the existing franchise agreement framework
- No major changes in the basic services (i.e., the three-cart system) nor the rate structure
- Keep the rates where they are now; i.e., no increase
- Improve services to both individual customers for special trash removal, such as improvements to the voucher system, and the citizenry as a whole in terms of keeping the City clean

At the April 2, 2008 City Council meeting, a set of preliminary business points were presented to the Council and suggestions were provided to staff as summarize below.

- Involve employees in the franchise renewal discussions
- Limit the annual rate escalator to 80 percent of the change in the Consumer Price Index
- Contact other cities to determine the effectiveness of street sweeping provided under the solid waste franchise

Three meetings were held with staff and representatives of the Maintenance and Operators Unit. Agreement was reached to continue street cleaning and parks trash pickup operations utilizing City staff. With these goals in mind, the parties met and have agreed upon renewal business points. Staff is seeking Council direction on these points prior to drafting the actual renewal language.

- 1) Street sweeping – CVWS will pay to the City \$470,000 annually as reimbursement of costs associated with street sweeping, leaf pickup, downtown cleaning and bus stop trash collection. The amount of the payment will annually increase by 80 percent of the change in the Consumer Price Index. CVWS will waive the tipping fees charged for dumping the street cleanings and fall leaves, a value of approximately \$50,000.

APPROVED: _____
Blair King, City Manager

- 2) Parks trash collection – CVWS will pay to the City \$71,500 annually as reimbursement of costs associated with trash collection at City parks. The amount of the reimbursement will annually increase by 80 percent of the change in the Consumer Price Index.
- 3) City service – CVWS will service the trash containers/bins at City facilities, including parks, at no charge to the City, a value of approximately \$70,000.
- 4) Billing service – CVWS will continue to reimburse the City for a share of billing expenses, and the amount will annually increase by 80 percent of the change in the annual Consumer Price Index. For the past several years, the amount has been fixed.
- 5) Hazardous waste – CVWS will host quarterly electronic/universal waste and annual household hazardous waste collection events at their Turner Road facility or other Lodi location.
- 6) Annual rate adjustments – will be 80 percent of the change in the annual Consumer Price Index.
- 7) Renewal term – is another eight years with one CVWS option to renew for an additional seven years. Staff recommends that the new term start January 1, 2009.
- 8) Technical ordinance revisions – CVWS has asked for clarification of some definitions of service classes.
- 9) Compactor rates – CVWS has asked for a new rate for servicing certain types of large trash compactors that are labor intensive.

The business points will need to be drafted into detailed terms in an amendment to the franchise agreement, including performance criteria and measures as appropriate. Pending Council direction, staff will attempt to have this done and brought back to the City Council for approval before the end of FY 08/09.

FISCAL IMPACT:

The proposed terms will have a positive fiscal impact on the City and its taxpayers in the form direct cost savings of approximately \$120,000 and new revenues totaling \$541,500.

FUNDING AVAILABLE:

Not applicable.

F. Wally Sandelin
Public Works Director

FWS/pmf